

FISCAL IMPACT STATEMENT ON BILL NO. **S. 1031**

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TO: The Honorable Harvey S. Peeler, Chairman, Senate Medical Affairs Committee
FROM: Office of State Budget, Budget and Control Board
ANALYSTS: R.J. Stein
DATE: March 24, 2008 SBD: 2008119

AUTHOR: Senator Elliott PRIMARY CODE CITE: 44-53-398
SUBJECT: Ephedrine and Pseudoephedrine Products

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

\$0 (No additional expenditures or savings are expected)

BILL SUMMARY:

Senate Bill 1031 amends Section 44-53-398(D) of the Code of Laws of South Carolina, 1976, relating to the sale of ephedrine and pseudoephedrine so as to require that all retailers maintain an electronic log of such sales. The Bill requires the Department of Health & Environmental Control to establish and administer the electronic log and to ensure that the electronic log is capable of checking compliance with all local, state and federal laws, including interfacing with other states to ensure comprehensive compliance.

EXPLANATION OF IMPACT:

Department of Health & Environmental Control (DHEC) reports that the technology to monitor and compile ephedrine sales is relatively new. The Department contacted the company (Appriss, Inc.) that provides this service to the State of Kentucky. Based on the number of retailers in South Carolina, the Department estimates the cost of equipping and maintaining a statewide electronic monitoring system to be \$1,522,783 in the first year and \$1,047,783 each year thereafter. These costs are based on \$47,783 annually for salary and fringes for 1.00 Administrative Coordinator, one-time software set-up and training costs of \$475,000 (for 2,200 retailers), and annual operating costs of approximately \$1 million (\$35.00 per month per retailer for compiling the data, checking compliance with other laws, technical support and maintaining the electronic hardware and software).

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

The Bill does not authorize the Department to charge a fee to retailers to cover the cost of technical support and system maintenance. If DHEC is authorized to charge a fee, the \$1 million in annual operating costs would not have to impact the State General Fund. The cost to each retailer would be approximately \$420 per year (\$35 per month). The Bill could also be amended to specify that one-time software, hardware and training costs shall be the responsibility of the retailer.

Approved by:



Harry Bell
Assistant Director, Office of State Budget